

### Labour market-effects of economic restructuring in Ramnicu Sarat, Brasov and Campulung municipalities

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## LABOUR MARKET- EFFECTS OF ECONOMIC RESTRUCTURING IN RAMNICU SARAT, BRASOV AND CAMPULUNG MUNICIPALITIES

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## Labour market- effects of economic restructuring in Ramnicu Sarat, Brasov and Campulung municipalities

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Il mercato del lavoro: effetti di riorganizzazione economica nei municipi Ramnicu Sarat, Brasov si Campulung. I processi di ristrutturazione e privatizzazione hanno giocato un ruolo importante nella definizione di alcune caratteristiche del mercato del lavoro. L'evoluzione del mercato del lavoro dopo il 1990, riflette i cambiamenti nell'economia dopo il processo di ristrutturazione e privatizzazione, sentiti sul mercato attraverso: la scomparsa dei posti di lavoro, la diminuzione del numero della popolazione occupata, significativa crescita della disoccupazione. **L'analisi del mercato del lavoro ci mostra una serie di indicatori nel valutare il grado di coinvolgimento della popolazione o dei vari gruppi, nell'attività** produttiva o non produttiva. La forza di lavoro, sia dal punto di vista quantitativo che qualitativo dipende dallo sviluppo economico e l'evoluzione della popolazione totale.

Parole chiave: ristrutturazione economica, privatizzazione, industria, forza di lavoro.

**Piața muncii – efecte ale restructurării economice în municipiile Râmnicu Sărat, Brașov și Câmpulung.** Procesele de restructurare și privatizare au jucat un rol important în conturarea unor trăsături ale pieței forței de muncă. Evoluția pieței muncii după 1990, reflectă schimbările din economie după procesul de restructurare și privatizare, simțite de piață prin: dispariția securității locurilor de muncă, reducerea numărului populației ocupate și creșterea semnificativă a șomajului. Analiza pieței muncii ne relevă o serie de indicatori în aprecierea gradului de participare a populației sau a diferitelor ei grupe, în activitatea productivă sau neproductivă. Forța de muncă atât sub raport cantitativ cât și calitativ este dependentă de dezvoltarea economică și de evoluția populației totale.

Cuvinte cheie: restructurare economică, dezindustrializare, privatizare, forță de muncă.

## 1. INTRODUCTION

Analysis of the transition to a market economy started in Romania in late 1989 can not be separated from the labor market analysis, reflecting the general state of economic and demographic situation. Restructuring and privatization processes have played an important role in the shaping of labor market characteristics.

"The labor market is facing economic space in which holders of capital freely, as buyers (demand) and owners of labor, as sellers (supply), in which the labor price mechanisms (salary), free competition between businesses, labor supply and demand adjust (equilibrate) " ([1]: 3).

Labor market before 1989 was characterized by full involvement of the state, offering full protection of employment and wage guarantee security through: engaging people throughout the legal paid work and pensions for those retired from lucrative. Labour market developments since 1990, reflecting changes in the economy after the restructuring and privatization, the market felt: loss of job security, reduction of employment and a significant increase in unemployment [2].

The labor market in human settlements, fulfills multiple functions of economic, social, educational and formative politics.

The labor market area is to distribute labor in relation to the size and structure of labor demand. Economic literature identifies the labor market functions: to facilitate the production of goods and services that work to distribute rewards. The role of productive capacity of the labor market appears to provide a meeting between labor and means of production[3]. Labor market, the distributive function sets the wage and income allocated to each undertaking. The labor market fulfills a social function, as it provides jobs, according to economic needs, provide social protection of unemployed and monitors working conditions and safety, etc.. Formative educational role, is explained by the influence of education on labor, increasing efficiency, mobility and flexibility of its structure. Politics is of particular importance for the labor market because it determines a well functioning [4].

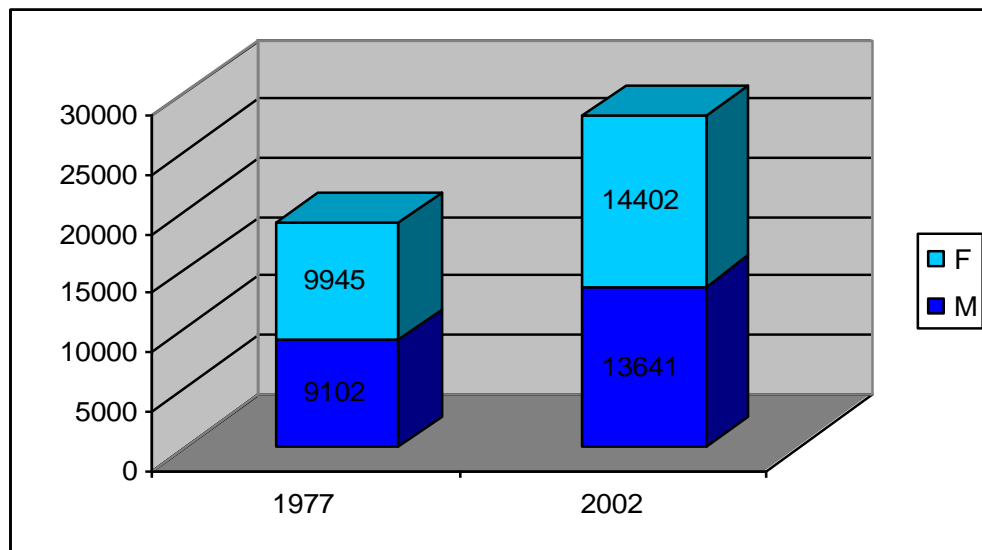
The most important components of the labor market are "buyers" and "sellers of labor" that supply and demand for labor. Labor demand in the market economy is expressed statistically by the number of existing jobs in the economy, occupied or vacant. Offer of employment is expressed as the number of working age, which can be used in economic activities in exchange for a salary (employed and unemployed population). The population in the labor market through its quantitative and qualitative characteristics affect labor supply.

## 2. LABOR MARKET CHARACTERISTICS RAMNICU SARAT MUNICIPALITIES

The training of the workforce Ramnicu Sarat is the total population, whose growth or decrease in its composition, has played an important role in economic and social development of the city.

Appropriate demographic trends upwards of municipality examined maintained throughout the period 1956-1990 is supported by its power to dominate the territory, being active in the area [5]. Transformations of the numerical evolution of the total population during 1990-2008 Ramnicu Sarat find explanations in social change, economic and political.

Figure. 1 Employment number in Ramnicu Sarat (1977, 2002)

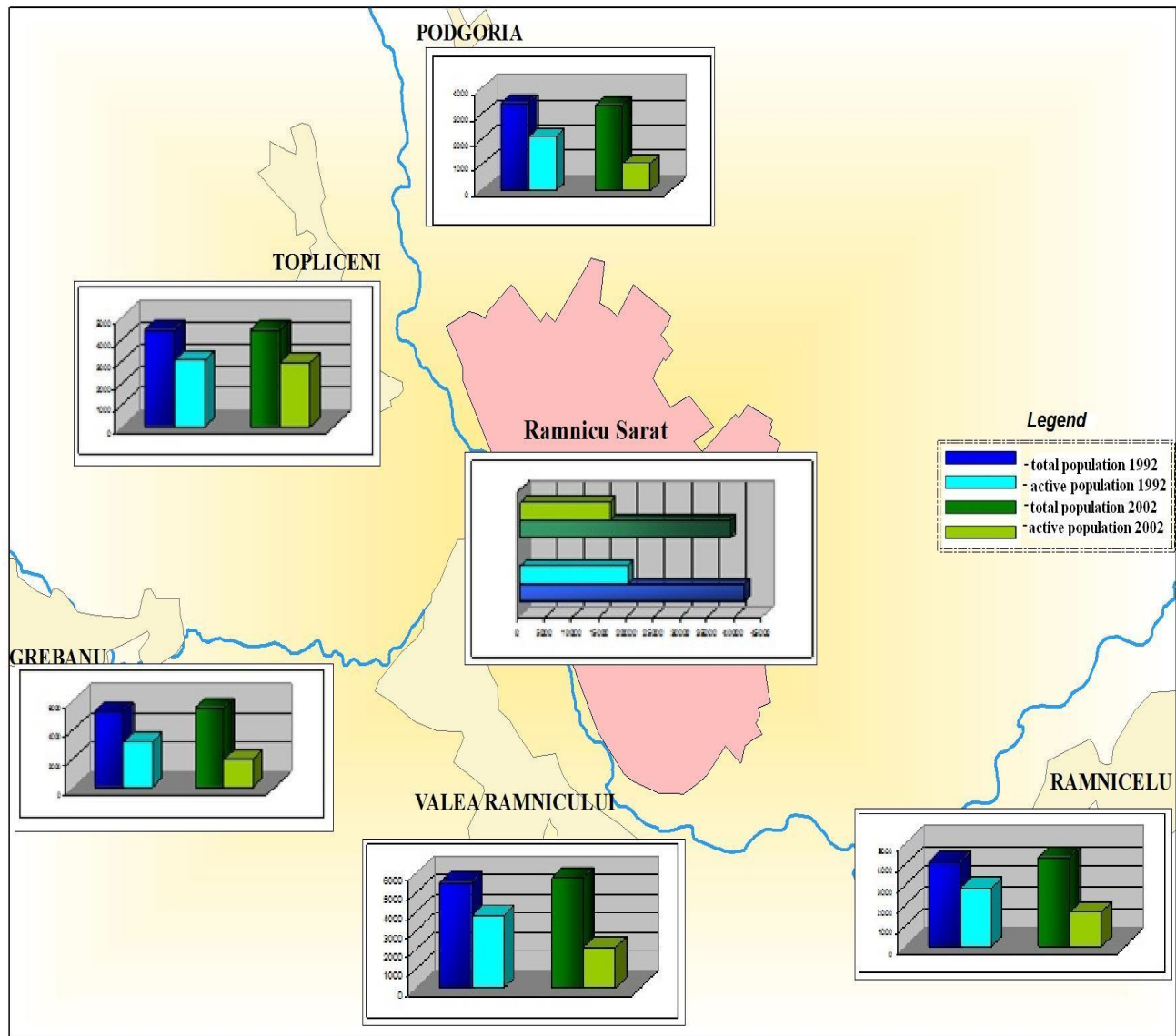


Source: statistical data processing

Employment number in the municipality increased from 1977-2002 to  $\approx 9000$  people, by the evolution of the total population (population increased by 10,139 people in the same range). Statistical data show an important potential workforce overall city population in 1977 - 66.39% in 2002-72.22% (Figure 1).

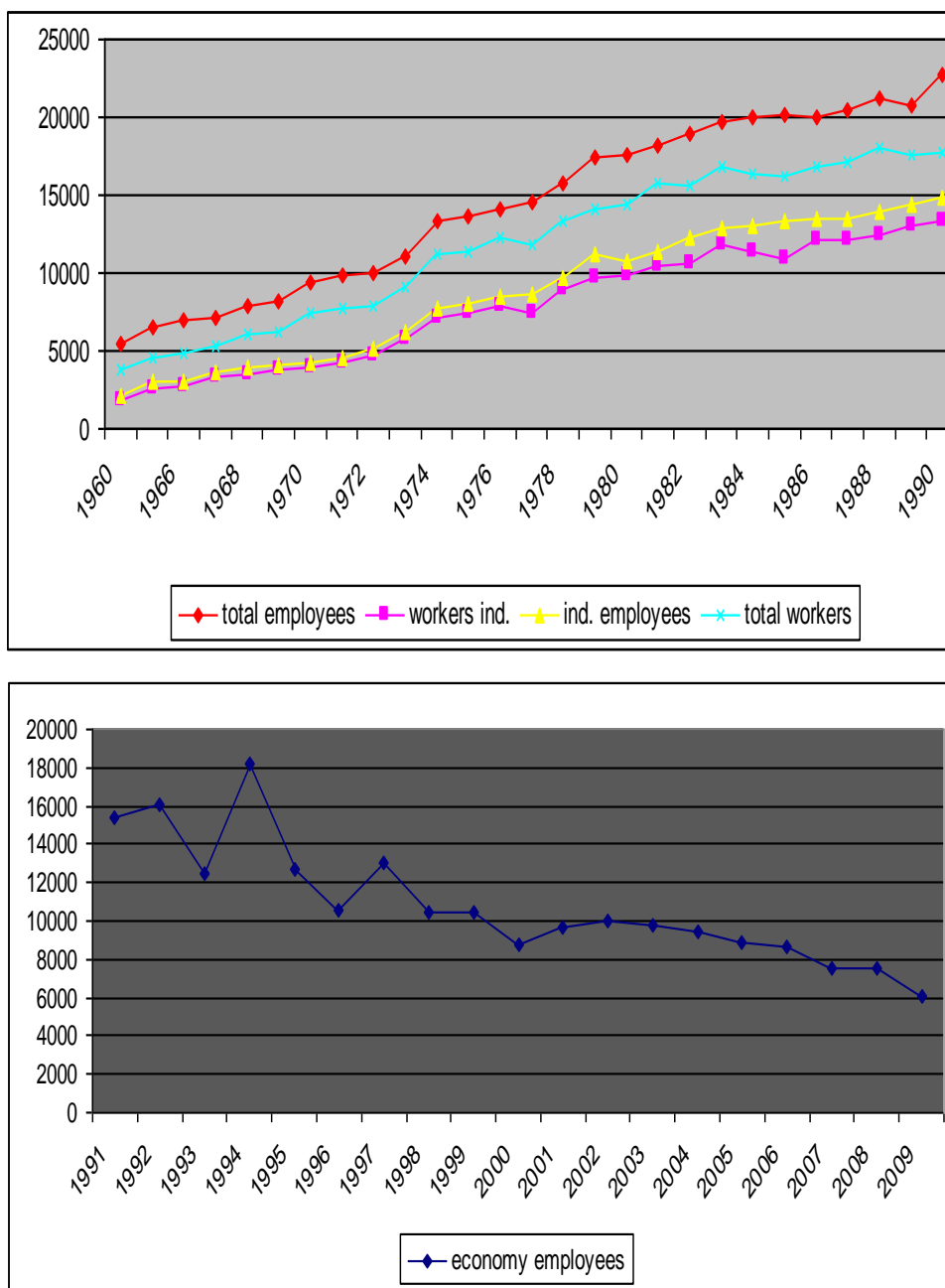
The transition from centralized economy to a market economy in Ramnicu Sarat, through its components: restructuring, privatization, de-industrialization, led to changes in volume, structure and quality of the working population. All these changes in the economy municipality have resulted in significant loss of weight of active population between 1995-2002 to  $\approx 16.86\%$  (Figure 2).

Figure 2. Active population and the neighboring towns Ramnic



Analysis of statistical data on employment (the most important component of the active population) leading to appreciations of the use of human resources. Romania's economy during 1960-1990 hyper, which was printed a strong industry growth dynamics influenced the number of employees in industry Ramnicu Sarat. Dynamics employees in the period 1991-2009, shows how to adapt to changes arising **râmnicene** economy after 1990 (Figure 3).

Figure 3. Evolution of employees and workers in the economy Râmnic &lt;1990&gt;



Source: Information of the village, Buzau DJS

Evolution of the number of unemployed and their share in population, unemployment rate ranged expressed in time, dropping the long term. In all the years in Ramnicu Sarat registered unemployment rate was above the county share (Table 1).

Table 1. The unemployment rate in the range 2002-2010

	2002	2005	2006	2007	2008	2009	2010
Rm. Sărat	23,12%	8,17%	8,61%	6,86%	7,66%	12,11%	11,06%
Jud. Buzău	-	7,4%	7,5%	5,5%	5,6%	-	-

Source: ALOFM, Ramnicu Sarat

### 3. LABOR MARKET CHARACTERISTICS BRASOV MUNICIPALITIES

Labor market analysis reveals a number of indicators in assessing the degree of participation of the population or its various groups in productive or unproductive activity. In relation to society or specific economic system, the population is a double aspect: total population - the consumers of goods produced in the economy and population (part of) - the production of goods and services. We divide the total population or the economically active population and inactive population producing or consuming one. Population is a subsystem of the system created both the demographic and economic exchange and is subject to the labor market [6].

The evolution of the labor market is more dynamic in urban areas, especially in large cities of Romania [7]. Brasov is among the cities active in this regard. He is, par excellence, as a framework for individual promotion. The variety of our services, opportunities for study, socio-professional structure fosters complexity of fulfilling residents in the various plans in terms of multiple offers and activities, but very varied and a range of incomes [8].

Consequently, labor market analysis, an important role is analyzing the ratio of the total population, active and busy and economic structure of the city, namely supply and demand study.

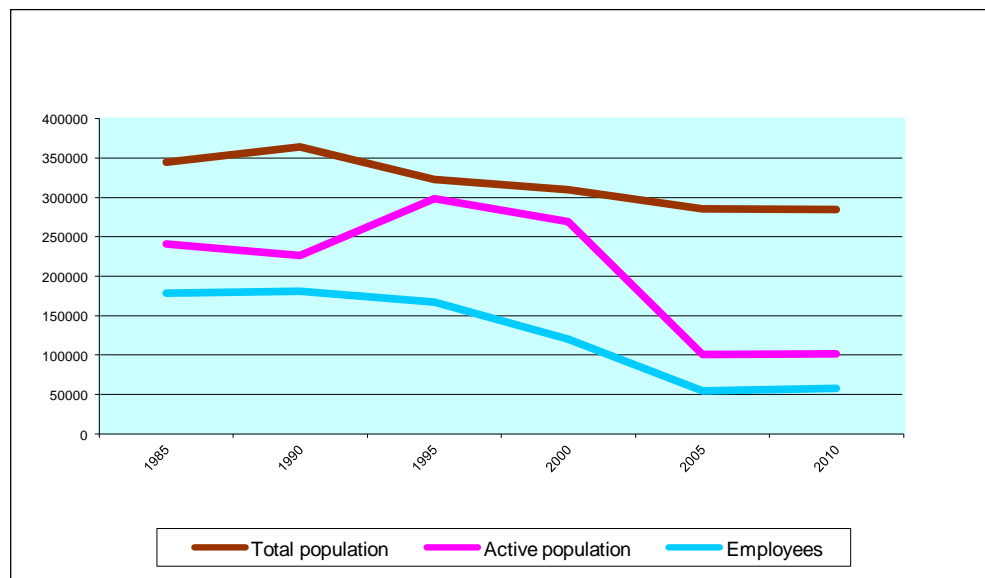
Analysis of the ratio of the total population, active and busy highlight certain aspects characteristic of the working age population. Working age population has 42 age classes, corresponding to about generations from 1960 to 1992. They are marked on the one hand the regime of birth of the same period and on the other hand the mortality regime. Aging is another factor affecting the employment potential of people. The transition from the working age population in employment, labor demand met by existing jobs if economy is



strong, the balance between supply and demand of jobs. For the city of Brasov, is observed that even during the years 1985 and 1990 the active population is declining. Brasov is the period in which a large number of population was made available in order to be sent to work on major construction sites in the country. It is actually due to the revolt which broke out on 15 November 1987, but the effect of the riots. After 1990 the economic situation of many enterprises Brasov unstable oscillations allowed the evolution of these demographic indicators. The general trend remains downward total population, assets and employment. A sharp downward curve is the active population, which during 2000 - 2005 showed a reduction of over 150,000 inhabitants. This is due to an aging population. Decrease in employment was due to the closure of state-owned industrial enterprises, the city's economy and change in structure resulted in massive migration of labor (Figure 4).

During 2005 - 2010 is characterized by increased number of employment as a result of direct investment in the city economy. Brasov market penetration of foreign investors, the *INA Schaeffler* or *Autoliv Inc.*, allowed increasing the supply of jobs and labor absorption while specializing in engineering industry.

Figure 4. Total population, active population and employees in Braşov

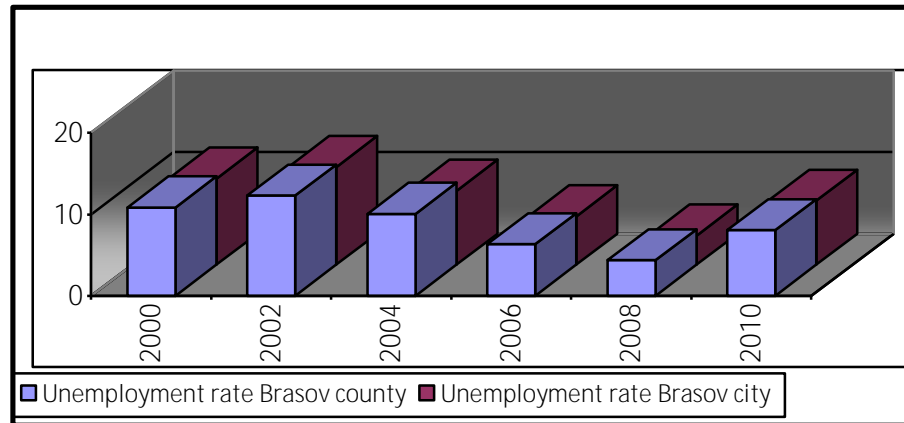


Source: statistical data processing

Absorption capacity of the labor market is implemented in the employment rate of employment and unemployment also. Obviously, the employment rate of labor is higher, unemployment is lower and vice versa. Brasov, recorded during its post-communist development, employment rate of working swing. Unemployment has been growing period

which coincided with massive layoffs in the industry, but also periods of decline. As big city, Brasov is a pole of attraction for investors in all areas of activity, which is why unemployment has been low compared to other cities. Compared Brasov county, there is a higher unemployment rate during the years 2000-2003. After this period the unemployment rate remains consistently below the county to which it belongs.

Figure 5. Unemployment rate in Braşov



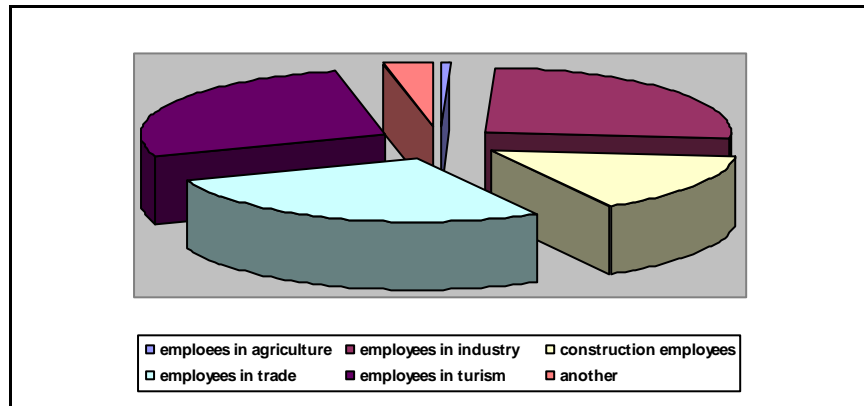
Source: statistical data processing

As shown in the chart above, the unemployment rate in Brasov, was very low during the years 2006 - 2008, which justified the high absorption of labor both in emerging industries and in other branches of the economy. Year 2010 is characterized by an increase in unemployment due to the occurrence of the international economic crisis (Figure 5).

On the other hand, the supply of jobs has changed radically in the post-communist transition period. Total number of employees registered in the municipality of Brasov increased slightly by 1.4% during 2000-2002. The largest share of employees in the municipality in 2002 was recorded in manufacturing (42.8%), followed by trade (14.1%).

Structure of employees by sectors of the economy in the year 2009 was distributed as follows: agriculture 0.6%, industry 25.8%, construction 15.6%, commerce 27.5%, services 27.3%, other 3.2% . It is noted that most of the employees working in trade and services, more than 50%, compared to industry where employees share is a quarter of all employees (Figure 6).

Figure 6. Employees share in the branches of economy



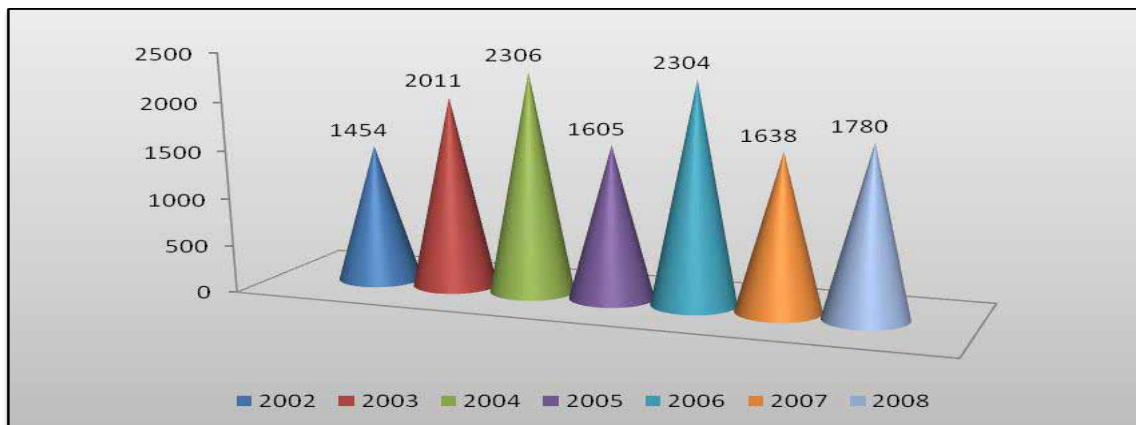
Source: statistical data processing

#### 4. LABOR MARKET CHARACTERISTICS CÂMPULUNG MUNICIPALITIES

The economic downturn has led to the collapse of industrial activities affecting virtually all its branches, from light industry to the machine building and mining.

According to statistics collected by the representative of the NIS and NEA Argeş County, it appears that the 2002 census, the city population was stable 38209 inhabitants, of which 912 unemployed, while the entire study area were found in 55046 people 1454 of them being unemployed. In 2008 the city Câmpulung, stable population of unemployed was 37298 and 865, to establish and 1780, 54184 unemployed people in the entire valley. By reference to the same years, the number of employees in 2002 was 13780 in Câmpulung, end 15738 in depression, compared with 11052 in 2008 and 12590 in the city throughout the area (Figure 7).

Figure 7. Share of registered unemployed in Câmpulung and in the localities of Depression

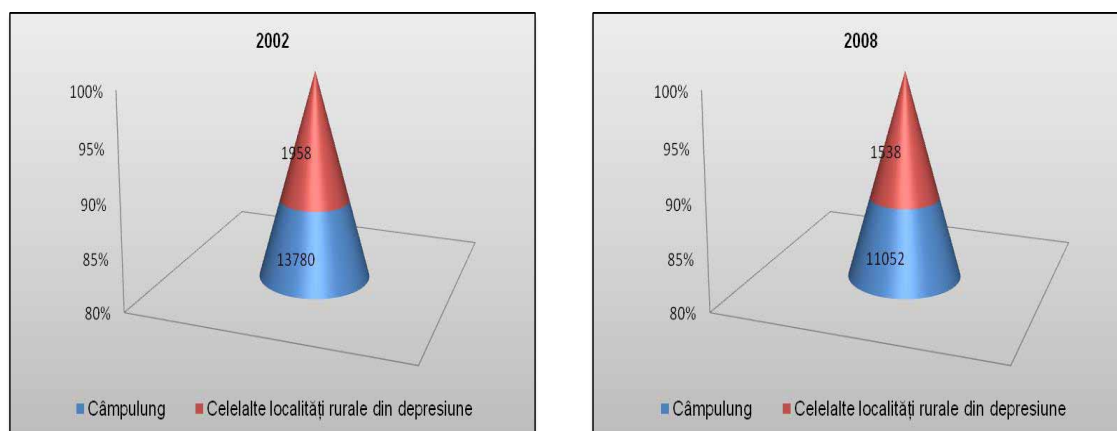


Source: statistical data processing

Analysis of statistical data reflecting significantly higher amounts of inactive volume, relative to the active category. The highest values were common to the four generating employment for the city Cămpulung effective before 1990. Example is the Lower Bughea common with a share exceeding 70% in the year 2008.

The comparative study shows percentage decline stable, with 2% in 2008 compared to 2002, both at city level and depression. Compared to the same years the number of employees was reduced by 20% in 2008 Cămpulung, as well as in the four communes. The volume of unemployed in the city was only 5% lower in 2008, but 22% higher in the entire complex, compared with 2002 (Figure 8).

Figure 8. Number Cămpulung labor and employees in areas of depression registered

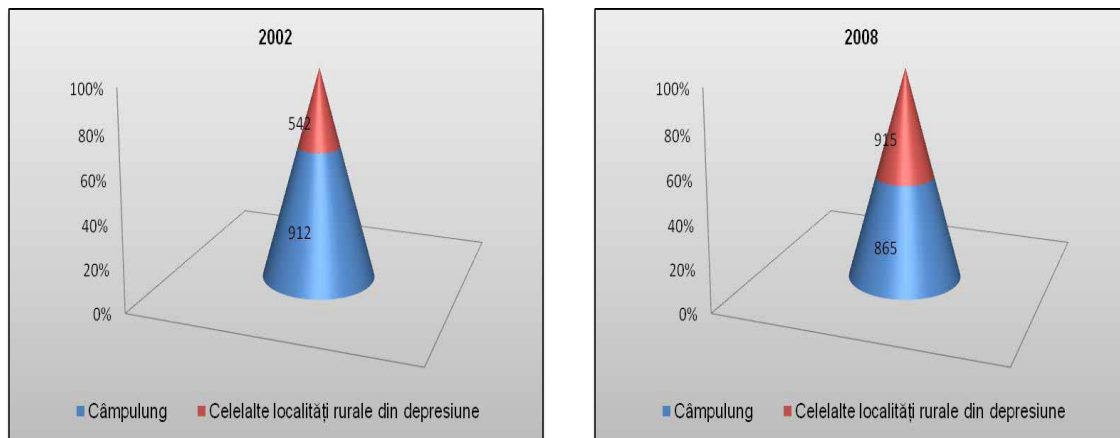


Source: statistical data processing

Registered unemployment rate determined as the ratio between the number of unemployed registered at employment agency for Arges (indemnify and unpaid) and the civil population was over 14% in 2002, is higher than nationally. Data reported by CEA but appear smaller than in reality, because most unemployed out of the records once the termination payment period.

Although all labor categories were affected, most unemployed workers from among, as a result of the restructuring of industrial activities.

Figure 9. Evolution of the number of registered unemployed in Câmpulung



Source: statistical data processing

Fluctuating in the range studied developments highlight the declining activity rate (the proportion of the total active population) and employment (as a proportion of employment in the total population), with both gender disparities as well as residential.

Economic crisis on the labor market made after 2008, the share of unemployed in rural depression, increase the values of concern, the employment rate of female population is much lower compared to the other category (Figure 9).

Restriction of productive activities, followed by Aro factory closing, the combination of fiber and mining centers, the imbalance in the labor market supply and demand, lack of correlation between the structure of training and employment, socio-demographic characteristics, with small volume of foreign direct investment in production have resulted in direct location on a slope rising unemployment.

Investments mainly in the commercial and services, slow increase in productive employment, unattractive salaries, are other causes that maintain the percentage of unemployed high [9].

## 5. CONCLUSIONS

In conclusion, the labor market has changed radically in the post-communist transition. There were periods when labor demand was lower than supply, but also periods in which labor supply was lower.

The process of economic restructuring and the inability to adapt to new requirements of industrial production market economy, generated during the transition, collective layoffs of employment in several stages. Workforce both in quantity and quality ratio is dependent on economic development and the evolution of the total population [10].

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